

Message Text

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US MISSION AND MTN DEL

E.O. 11652: N/A

TAGS: MTN, ETRD

SUBJECT: FINNISH EXCISE TAX ON SUGAR ADDED

REF: (A) GENEVA 11658, (B) STOCKHOLM 02900

1. FOLLOWING POINTS CONCERNING THE NEW FINNISH SUGAR-
ADDED TAX (REFS. A AND B) SHOULD BE MADE TO THE GOF AT THE
APPROPRIATE LEVEL.

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2. U.S. IS DEEPLY CONCERNED OVER THE FINNISH EXCISE TAX
ON ADDED SUGAR IN PROCESSED FOOD PRODUCTS AND URGES THAT IT
BE REMOVED AT ONCE.

3. THE NEW EXCISE TAX CLEARLY HAS THE EFFECT OF IMPAIRING
GATT CONCESSIONS MADE TO THE U.S. AND WOULD FORCE THE U.S.
TO CONSIDER WITHDRAWAL OF SUBSTANTIALLY EQUIVALENT

CONCESSIONS. FINNISH IMPORT DUTIES ON CANNED PEACHES AND CANNED FRUIT COCKTAIL ARE BOUND AT THE CURRENT RATE OF 22.5 PERCENT.

4. MOREOVER, IMPOSITION OF THE SUGAR-ADDED EXCISE TAX WOULD RENDER WORTHLESS THE PROPOSED FINNISH MTN TARIFF OFFER ON CANNED PEACHES AND FRUIT COCKTAIL CONTAINING ADDED SUGAR. CONSEQUENTLY, THE U.S. MAY BE FORCED TO

CONSIDER WITHDRAWAL OF OFFERS MADE TO FINLAND IN THE MTN.

5. FINALLY, THE SUGAR-ADDED CONTENT OF THESE CANNED FRUITS CANNOT BE VIEWED AS A DISPLACEMENT OF DOMESTICALLY PRODUCED SUGARS. FIRST, IT WOULD BE IMPRACTICAL FROM THE STANDPOINT OF BOTH ECONOMY AND TASTE TO USE THE SYRUPS IN CANNED FRUITS AS A SWEETENER IN OTHER FOOD PRODUCTS SUCH AS CEREALS, COFFEE, SOFT DRINKS, ETC. FURTHERMORE, THE CONSUMER BUYS CANNED FRUIT NOT BECAUSE OF ITS SUGAR CONTENT BUT BECAUSE OF THE OVERALL CHARACTERISTICS SUCH AS ITS NUTRITIONAL VALUE, TEXTURE, FLAVOR OR TASTE, AND ITS CONVENIENCE AS A READY-MADE FOOD. THUS, IT APPEARS TO US THAT THE FINNISH EXCISE TAX ON ADDED SUGARS WILL BE INEFFECTIVE IN PROTECTING FINNISH SUGAR GROWERS.

6. FYI: WE DO NOT FEEL IT IS APPROPRIATE TO DISCUSS ACTUAL PERCENTAGE OF SUGAR ADDED TO U.S. CANNED FRUIT (EVEN LIMITED OFFICIAL USE

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IF THIS WERE POSSIBLE) BECAUSE WE OPPOSE FINNISH ACTION IN PRINCIPLE. MANY CANNED FRUITS MARKETED TODAY HAVE ONLY A MINIMAL CONTENT OF ADDED SUGAR AND THE ONLY SWEETENERS OF ANY CONSEQUENCE ARE THE NATURAL SUGARS CONTAINED IN THE RAW FRUIT ITSELF. UNDER NORMAL GROWING CONDITIONS THESE NATURALLY OCCURRING SUGARS, DEPENDING UPON THE

INDIVIDUAL FRUIT, GENERALLY RANGE FROM 8-12 PERCENT OF THE TOTAL NET WEIGHT -- I.E., FRUIT PLUS SYRUP. IN ADDITION, MANY OF THE NEWER PRODUCT FORMULATIONS ARE USING THEIR OWN NATURAL FRUIT JUICES AS A SWEETENER IN LIEU OF THE PRACTICE OF ADDING SUGAR. CHRISTOPHER

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